



**ARIZONA STATE SENATE**  
*Fifty-Second Legislature, Second Regular Session*

**FINAL REVISED**  
**FACT SHEET FOR S.B. 1496**

homeowners' associations; director removal

Purpose

Provides requirements for unit owners' associations (UOA) and homeowners' associations (HOA) elections to replace removed members of the Board of Directors (Board).

Background

An HOA is a common interest organization to which all the owners of lots in a planned community must belong. Similarly, a UOA is a common interest organization to which all owners of a unit in a condominium must belong. The four defining characteristics of all HOAs and UOAs are: 1) all owners are automatically members; 2) governing documents create mutual obligations; 3) mandatory fees or assessments are generally levied against owners and used for the operation of the association; and 4) owners share a property interest in the community (A.R.S. §§ 33-1202, 33-1802).

Statute requires unit owners to elect a Board at least a majority of whom must be unit owners, and the Board is required to elect the officers. Additionally, with a quorum present, a majority vote of qualified members voting are authorized to remove any member of the Board with or without cause, except for a member appointed by the declarant. The Board is permitted to act in all instances on behalf of the HOA and UOA, with certain specified exceptions. The Board is permitted to fill vacancies in its membership for the unexpired portion of any term (A.R.S. §§ 33-1243, 33-1813).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires the association to hold an election within 30 days to fill the positions if the majority of the Board is removed.
2. Requires the Board on removal of at least one, but less than the majority of members of the Board, to fill the vacancies as provided in the UOA or HOA documents.

3. Stipulates that a member removed from the Board is ineligible to serve on the Board until after the expiration of the original term of office unless UOA or HOA documents prescribe a longer period of ineligibility.
4. Specifies the Board must retain all documents and records related to the removal or replacement of a Board member.
5. Prohibits the Board from acting on behalf of the association to elect members of the Board except at a meeting in which a member of the Board is proposed to be removed.
6. Makes technical changes.
7. Becomes effective on the general effective date.

Senate Action

GOV            2/17/16            DP    6-0-1-0  
3<sup>rd</sup> Read        3/01/16                    29-0-1-0

House Action

GHE            3/10/16            DP    7-0-0-2  
3<sup>rd</sup> Read        5/07/16                    54-1-5-0

Signed by the Governor 5/18/16  
Chapter 343

Prepared by Senate Research  
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RH/rf